



TO: Members of the House Appropriations Subcommittee on K-12 School Aid and the Department of Education
FROM: Gilda Z. Jacobs, President & CEO
SUBJECT: 2021 Budget Recommendations
DATE: March 4, 2020

I am pleased to share the priorities of the Michigan League for Public Policy for the 2021 School Aid and Department of Education budgets. The League and its local partners around the state believe that a high-quality education—beginning at birth and continuing through a career—is a critical lever for increasing economic growth and opportunity, while reducing inequities based on race and place. Fact sheets are attached with additional information related to the League’s priorities, which are highlighted below.

- **Help parents with low wages find affordable, high-quality child care.** Although eager to work, many Michigan parents cannot earn enough to pay for high-quality child care. The cost of child care for a parent with two children in a center in Michigan is \$18,602 a year—exceeding average annual housing costs, and rivaling the cost of college tuition. Yet, child care providers are some of the lowest paid workers in the state, and employers are finding it hard to attract and retain low-wage workers because of the lack of child care. We urge you to increase child care payments to help stabilize the child care market, and raise the income eligibility cutoff for child care—now one of the lowest in the nation at 130% of poverty.
- **Expand services for infants and toddlers with disabilities and delays.** Michigan’s early intervention program—Early On—has not been adequately funded, resulting in too few young children getting the services they need to improve their chances of getting ready for school. We appreciate that the Legislature approved the first state funding for Early On of \$5 million in the 2019 budget, with an additional \$2.2 million in the current budget year. We urge you to accelerate the path to full funding—an estimated \$68 million—over the next three budget years.
- **Ensure all eligible 4-year-olds can receive a high-quality preschool education.** The League supports an increase in per-pupil payments for the Great Start Readiness Program to align with K-12 foundation grants. The per-pupil payment hasn’t been increased since 2014, making it more difficult to attract and retain well-trained teachers.
- **Provide the resources needed to ensure children can read by third grade.** The promise behind Michigan’s Read by Grade Three law was that there would be adequate and early supports for children and their families to ensure success. We support the governor’s recommendation to continue to invest in well-trained literacy coaches in Michigan’s public elementary schools, as well as carry on with efforts to ensure that parents are engaged and know their options if their children aren’t reading proficiently.

- **Provide more state funding to public schools in high-poverty communities.** The connection between the stresses of poverty, school readiness and achievement are clear. We support investments that recognize the added costs of teaching children with greater needs, including full funding for the At-Risk School Aid program, adequate funding for special education services, and investments in English language learners.
- **Expand access to healthy foods.** The 10 Cents a Meal program, which provides incentives for schools to purchase healthy food grown in Michigan, began in the 2016 school year as a \$250,000 pilot program available in 22 Michigan counties. Every year since then, the Legislature has increased funding to enable expansion of the program to school districts in additional counties. For the 2020 budget year, the Legislature allocated \$2 million and expanded eligibility to school districts statewide as well as child care centers, but funding was vetoed. The League recommends restoring the \$2 million to support access to healthy food for Michigan children in both rural and urban areas of the state.
- **Increase adult education funding.** Entry-level jobs with a career track increasingly require a postsecondary credential, yet many Michigan workers need remediation in one or more basic skills in order to succeed in training that leads to a credential. Adjusted for inflation in 2001 dollars, state funding for adult education has fallen by 78%. We recommend an increase of \$10 million, to total funding of \$36 million, allowing the state to assist nearly 8,000 more students.

We hope the attached information is helpful as you deliberate a budget that touches thousands of Michigan families and children. We look forward to working with you as the budget process proceeds.



2021 BUDGET PRIORITY: HELP PARENTS WITH LOW WAGES FIND AFFORDABLE CHILD CARE

LEAGUE RECOMMENDATION:

- Increase child care payments to providers to ensure that parents can afford 75% of the child care in their community—the federal guideline for affordability.
- Increase the income eligibility cutoff for child care to 185% of poverty.
- Establish grants and contracts with providers to increase high-quality care in areas of shortage such as infant and toddler care, care for parents working evenings and weekends, and care for children with special needs.
- Reverse the state policy of requiring child support compliance documentation as a condition of eligibility for child care assistance.

BACKGROUND:

Although eager to work, many Michigan parents cannot earn enough to pay for high-quality child care. The cost of child care for a parent with two children in a center in Michigan is approximately \$18,600 a year—exceeding the average annual cost of rent (\$9,900) or a mortgage (\$15,000), and rivaling the cost of college tuition for two students (\$26,800). Yet, child care providers are some of the most underpaid workers in the state, with average wages that fall below those earned by animal trainers/caretakers, manicurists and baggage porters.

| Average Annual Child Care Costs Rival College Tuition and Housing Costs in Michigan | |
|---|----------|
| Center care for one infant | \$10,287 |
| Center care for one infant and a 4-year-old | \$18,602 |
| Home-based care for an infant and a 4-year-old | \$13,621 |
| Average annualized rent | \$9,888 |
| Average annualized mortgage | \$15,012 |
| Public college tuition/fees | \$13,420 |

Source: The US and the High Price of Child Care, 2019 Report, by Child Care Aware of America

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Despite the unaffordability of child care, few Michigan families are eligible for assistance with child care because of the state’s very low income eligibility thresholds. Michigan has one of the most restrictive programs in the country, with entry eligibility for child care assistance set at 130% of the federal poverty line. As a result, the number of families receiving assistance fell from 67,000 in 2003 to under 20,000 in 2019—a 70% decline.

For some parents, child care is not available even with a subsidy, including those needing scarce infant/toddler care, evening and weekend care, and care for a child with special needs. Many child care providers cannot afford the higher costs that come with caring for infants and toddlers or children with special needs, where more staff is needed to meet their needs.

In addition to the short supply of certain types of child care in communities, many parents experience barriers to receiving state child care assistance even if they are eligible. One barrier is the need to document compliance with state child support requirements. Michigan policy requires that a parent who lives separately from the noncustodial parent pursue child support—something not mandated in federal law. Many parents are afraid to pursue child care assistance because they fear it may trigger a court case on child support—when they have an informal arrangement with the noncustodial parent that works for them—or because they fear the child support agency or do not understand the process of seeking an exemption.

WHY DOES IT MATTER?

When parents cannot work because of the high cost of care, their children are more likely to live in poverty. The youngest children in the state have the highest poverty rates—in part because of the barrier of child care costs. Exposure to poverty in the earliest years can affect children’s long-term development and success in school.

Child care is an important learning environment for children. The foundations for literacy, school success and social-emotional growth are set during the earliest years of life when brain growth is at its optimal. Many children are in child care during those earliest months and years of life, and high-quality care can contribute to their growth and success.

Businesses report that they are unable to find workers for low-wage jobs because they cannot afford safe and reliable child care. Business leaders are increasingly identifying the lack of access to affordable child care as a major issue affecting their bottom line.

2021 BUDGET PRIORITY: EXPAND SERVICES FOR INFANTS AND TODDLERS WITH DISABILITIES AND DELAYS

LEAGUE RECOMMENDATION:

Increase state funding for Early On, the state’s early intervention program that identifies and serves very young children with developmental delays and their families, with the goal of reaching \$68 million in state funding by 2023.

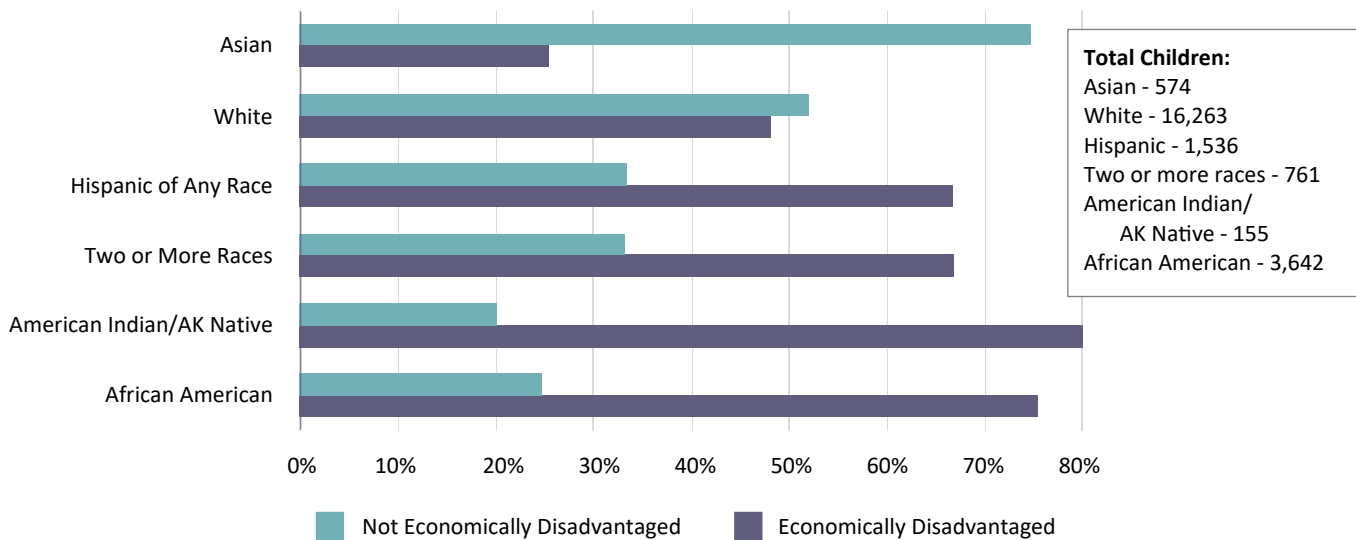
BACKGROUND:

Since passage of the federal Individuals with Disabilities Education Act (IDEA) Part C program in 1986, Michigan has relied primarily on federal funds for its Early On Program, despite the fact that the federal law expected states to augment that funding to serve young children with developmental delays. In the 2019 budget year, the Legislature approved the first state funding for Early On—a total of \$5 million statewide—with an additional \$2.2 million added in 2020, for total state funding of \$7.2 million. This falls far short of the estimated need of \$68 million to ensure services statewide. Peer states are investing much more, including Pennsylvania (\$126 million) and Minnesota (\$58 million).

To be eligible for Early On, children from birth to age 3 must either: 1) have a developmental delay at least 20% below the mean; or 2) have one of the established medical conditions likely to lead to delays. Early On identifies delays in many areas, including cognitive, language, physical and social-emotional.

A 2013 audit of Michigan’s Early On program concluded that the state had not provided sufficient funding to give young children the services they need delivered by qualified professionals. The audit specifically pointed to the lack of state

Young Children of Color in Early On Are More Likely to Be Economically Disadvantaged Michigan 2018-2019



Source: MI School Data

funding as a impediment to providing the specialized care young children needed such as physical, speech and occupational therapy, nutrition services, health and nursing services, family training and counseling and special instruction. Children who grow up in poverty are more likely to experience developmental delays, and these outcomes are compounded by race/ethnicity. Children of color receiving Early On services are more likely to be economically disadvantaged, and Michigan's failure to fully fund early intervention services is an opportunity missed to reduce the disparities that carry into school.

WHY DOES IT MATTER?

Brain scientists have demonstrated the importance of early intervention. Scientists have shown that as much as 90% of the architecture of the brain is built in the first 1,000 days of life—affecting a child's development for years to come.

Children whose delays are addressed early in life are more likely to succeed in school. The National Early Intervention Longitudinal Study found that 56% of children receiving early intervention services functioned in the average or above average range for academic skills when they entered kindergarten, and 42% did not need special education services in later years.

2021 BUDGET PRIORITY: INCREASE PAYMENTS FOR MICHIGAN'S STATE-FUNDED PRESCHOOL PROGRAM

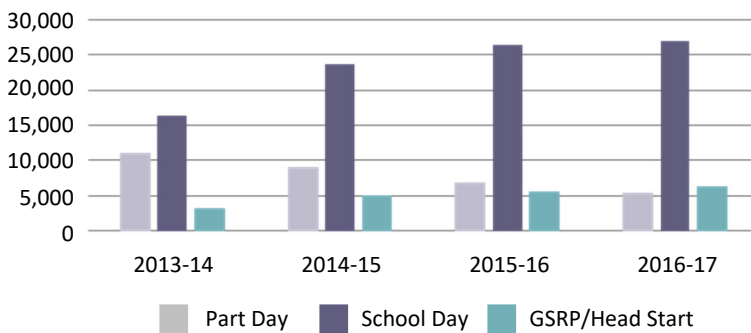
LEAGUE RECOMMENDATION:

Provide sufficient funding to ensure that all eligible 4-year-olds can receive a high-quality preschool education through the Great Start Readiness Program (GSRP) by increasing per-pupil payments to more closely align with K-12 foundation grants.

BACKGROUND:

Michigan's state-funded preschool program was launched in 1985-86 to serve 4-year-olds from families with low incomes. The GSRP, which historically provided a half-day of preschool, has in recent years moved to a largely school-day schedule—in part to meet the needs of working parents, and also to provide the more intensive learning experiences that can prepare young children for school. State funding for the GSRP, which started at \$1 million and served just under 700 children, has grown to nearly \$245 million for over 3,000 children statewide. With leadership from former Governor Snyder, GSRP funding increased by \$65 million in both 2013-14 and 2014-15—for a total two-year increase of \$130 million.

Great Start Readiness Preschool Program is Increasingly a Full School-Day Program



Source: Richard Lower, OGS, MDE

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Michigan's GSRP serves 4-year-olds from families with incomes of up to 250% of poverty, and up to 300% of poverty if all children at 250% of poverty and below have been served. Michigan ranks 18th in the country in its enrollment of 4-year-olds in state-funded preschool, and 14th in state spending. Thirty states, not including Michigan, serve 3-year-olds.

There hasn't been an increase in the GSRP per-child payment since 2013-14. The average payment for a school-day slot is \$7,250, significantly below the minimum K-12 per-pupil payment of \$8,111. As a result, a lead teacher in a GSRP earns \$20,000 less per year than the average public elementary school teacher. Without an increase in the state payment per

child, programs will continue to suffer from high teacher turnover and will be unable to ensure the quality needed to achieve the well-documented outcomes of a high-quality preschool experience.

The governor recommended an increase in the per-child school-day payment for GSRP from \$7,250 to \$8,500 in her 2020 budget proposal, along with an increase in eligibility to 300% of poverty. These proposals were rejected by the Legislature and the final budget included an increase of \$5 million.

WHY DOES IT MATTER?

Early education is a foundation for success in school, including reading by third grade. Evaluations of the GSRP show that: (1) children who were in GSRP score significantly higher on early literacy and math assessments; (2) the GSRP reduced the achievement gap in early literacy between children at the highest risk and other enrollees; and (3) the program has been successful in improving literacy in both urban and rural areas of the state.

Early education has long-term benefits for families and the economy. Preschool programs have an impact on two generations. They provide young children with the experiences they need to succeed in school and ultimately in the workforce. In addition, they make it easier for parents to work to support their families. The move from a half-day to more full-day programs has helped working parents with low incomes and their local economies.

2021 BUDGET PRIORITY: PROVIDE RESOURCES NEEDED TO ENSURE ALL CHILDREN CAN READ BY THIRD GRADE

LEAGUE RECOMMENDATION:

Improve third-grade reading by:

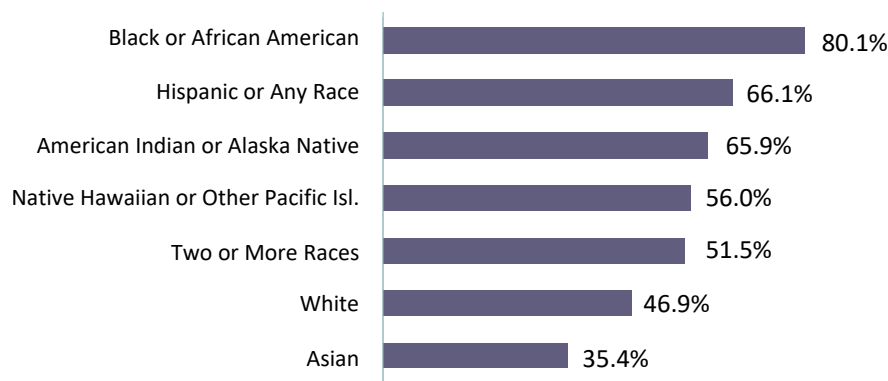
- Focusing School Aid resources on districts with the greatest disparities for children of color and those in low-income neighborhoods (see separate League priority related to school finance);
- Continuing to provide the funding needed to ensure an adequate number of well-trained literacy coaches in Michigan’s public elementary schools;
- Supporting outreach to parents statewide to make sure that they are aware of the Reading by Grade Three law and their options for children who aren’t reading proficiently; and
- Improving access to the high-quality early education and care services needed to support early literacy (see separate League priorities for Early On, child care and the Great Start Readiness Program).

BACKGROUND:

In October of 2016, Michigan adopted a Reading by Grade Three law that retains children in third grade if they are more than one year behind in reading proficiency. The new law, which takes effect this year, has exemptions that allow some students who are reading below grade level to avoid repeating third grade. Even with exemptions, the law has the potential to affect thousands of Michigan students and significantly increase school spending.

One of the foundations for supporting Michigan’s Reading by Grade Three law, and the hope for its approach, was that its implementation was delayed while investments in early literacy—beginning at birth and continuing through age eight—

Children of Color More Likely to Attend High Poverty Schools Resulting in Inequities in 3rd Grade Reading



Percent of Third-Graders Not Proficient In English Language Arts (M-STEP 2018-19)

Sources: MI School Data

would be significantly ramped up. While some of that promise came true, including a significant increase in funding for literacy coaches in the current-year budget, much of it has not been adequate or in time to avert the known risks of grade retention.

Still missing is an equitable school funding formula that targets children in high-poverty schools, children with disabilities and English language learners—all of whom are much more likely to be subject to the law’s hammer of retention. Also missing has been a significant increase in state support for early intervention for infants and toddlers, along with early learning and care programs. Without those investments, the retention of large numbers of children from low-income neighborhoods, children of color, and children with disabilities will only fuel educational inequities.

WHY DOES IT MATTER?

- Inequities in third-grade reading based on race, ethnicity and income must be the state’s top priority as the diversity of the student population grows. More than eight of every 10 Black/African American students are not reading proficiently by third grade, along with two-thirds of Hispanic/Latinx children.
- Research shows that retention alone does not improve student achievement and can have negative long-term consequences such as poor attendance or dropping out of school. Social promotion alone is also not an equitable alternative. To improve reading skills, Michigan must provide the supports needed from birth through grade three, including evidence-based literacy interventions.
- The foundation for reading is set before children enter kindergarten, and Michigan’s budget and policies must recognize that the prenatal, infant and toddler years are crucial to brain development and literacy. Investments in home visiting, early intervention (Early On), and high-quality child care are critical. In addition, Michigan must eliminate the divide between early education and care and public school interventions. Children need an aligned P-8 educational system beginning prenatally and continuing through the early elementary years



2021 BUDGET PRIORITY: PROVIDE MORE STATE FUNDING TO PUBLIC SCHOOLS IN HIGH-POVERTY COMMUNITIES

LEAGUE RECOMMENDATION:

Provide the resources needed to address the educational challenges faced by children exposed to the stresses of poverty by: (1) adopting a School Aid formula that is weighted by the number of students in poverty, English language learners and children with special needs; and (2) fully funding the At-Risk School Aid program.

BACKGROUND:

Numerous studies of school funding in Michigan have shown that the state is failing to provide the resources needed to guarantee a high-quality education for all students, and particularly for students in low-income schools, English language learners and children with disabilities or special needs. While overall funding for education has risen since the great recession, adjusted for inflation, School Aid Fund revenues are 4% lower this year than they were in 1995 when Proposal A took effect.

A 2018 report by The Education Trust found that Michigan is among the bottom five states in the country in addressing equity in school funding, meaning that the state's highest poverty districts receive 5% less in total state and local funds than its lowest poverty districts. In her first budget proposal, Governor Whitmer proposed a weighted school funding formula that significantly increased funding for high-poverty schools, special education and English language learners. The Legislature rejected that proposal, despite broad support from educators, business leaders and advocates, as well as research demonstrating that increased spending on students from low-income families can improve educational attainment, reduce poverty and ultimately improve lifetime earnings.

School Aid Formula: For 2020, the Legislature increased per-pupil payments by between \$120 and \$240, bringing the minimum per-pupil state payment to \$8,111, and the maximum to \$8,529. The nonpartisan Michigan School Finance Research Collaborative recommended in a January 2018 report that schools receive a base state payment of \$9,590 per pupil, with additional funding weighted by the number of students in poverty, the number of English language learners, district size and geographic isolation—up to a maximum of \$11,482 per pupil.

The At-Risk School Aid Program: The At-Risk School Aid program has been the primary vehicle for providing state funds to schools to serve students who are at risk of failing academically or are chronically absent. After more than a decade of flat funding, when At-Risk payments fell well below statutory levels, the Legislature approved increases of \$70 million in 2016, \$120 million in 2018, and \$5 million in 2020. Despite these increases, the At-Risk program is still not fully funded and payments are prorated.

WHY DOES IT MATTER?

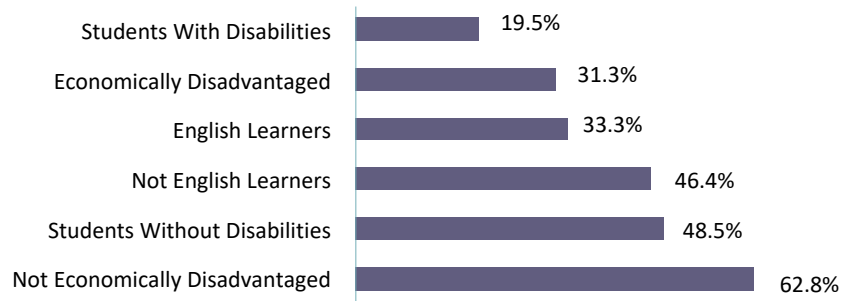
When funding falls short, schools in high-poverty communities struggle the most. To improve equity, Michigan needs a school funding formula that addresses the added costs of teaching children who have lived with the stresses of poverty, those with identified disabilities or special needs, and English language learners.

The barriers faced by families in poverty can affect children's learning and success. While family income alone does not keep children from learning, the many stresses faced by those living in poverty can—including, potentially, low parental

literacy, poor health, a lack of stable housing, frequent moves, less access to high-quality early education and care, fewer after-school or enrichment programs, and increased exposure to environmental toxins like lead that can affect brain growth and development.

Children in high-poverty schools are less likely to achieve or be prepared for college, and the disadvantages start early. Students whose families are more economically secure are twice as likely to be proficient on standardized tests for reading by third grade, and the advantage continues through to college readiness.

Percent of Third-Graders Reading Proficiently for Economic Disadvantage, Special Needs and English Learners (2018-19)



Source: M-STEP, MI School Data

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2021 BUDGET PRIORITY: EXPAND ACCESS TO HEALTHY FOODS

LEAGUE RECOMMENDATION:

Expand state funding for initiatives such as the 10 Cents a Meal program, which improves access to healthy food for Michigan children in both rural and urban areas of the state.

BACKGROUND:

Funding for the 10 Cents a Meal program needs to be restored. The 10 Cents a Meal program, which provides incentives for schools to purchase healthy food grown in Michigan, began in the 2016 school year as a \$250,000 pilot program available in 22 Michigan counties. Every year since then, the Legislature has increased funding to enable expansion of the program to school districts in additional counties. The 2019 budget included \$575,000 and brought the total number of counties where the program was available to 43. For the 2020 budget year, the Legislature allocated \$2 million and expanded eligibility to school districts statewide as well as early childcare centers, but the Governor vetoed this funding. The \$2 million should be restored to support healthy meals served in schools and child care centers.

WHY DOES IT MATTER?

More than 1 in 6 Michigan children are experiencing food insecurity and an estimated 300,000 live in communities with limited access to healthy food. Many families must choose between food and other basic needs, and either travel to shop or make do with the food that is readily available. Without reliable private or public transportation, many families with low incomes must depend on smaller convenience stores that offer few healthy options. For some children, school or child care settings are the only reliable sources of regular meals. Thus, it's critical for these institutions to optimize the quality of the food they serve.

Access to healthy food is a problem in both urban and rural areas of the state, and some residents are more likely to be affected. Low-income, urban neighborhoods of color have the least availability of grocery stores and supermarkets compared with both low- and high-income White communities. In addition to communities of color, children in families with low incomes, seniors and people with disabilities are more likely to face barriers accessing fresh and healthy foods. Previously, 10 Cents a Meal funding wasn't available in parts of northern Michigan, where child food insecurity is highest, or the three southeast Michigan counties where the state's school-age children are concentrated. The vetoed funding would have enabled expansion of the program to these areas where it could have the greatest impact.

A high-quality diet boosts health, school attendance and academic performance. Promoting the consumption of healthy food is a first step in reducing diabetes, hypertension, heart disease and other diet-related diseases that have become increasingly prevalent—even among children. Food insecurity in Michigan is associated with an estimated \$1.8 billion a

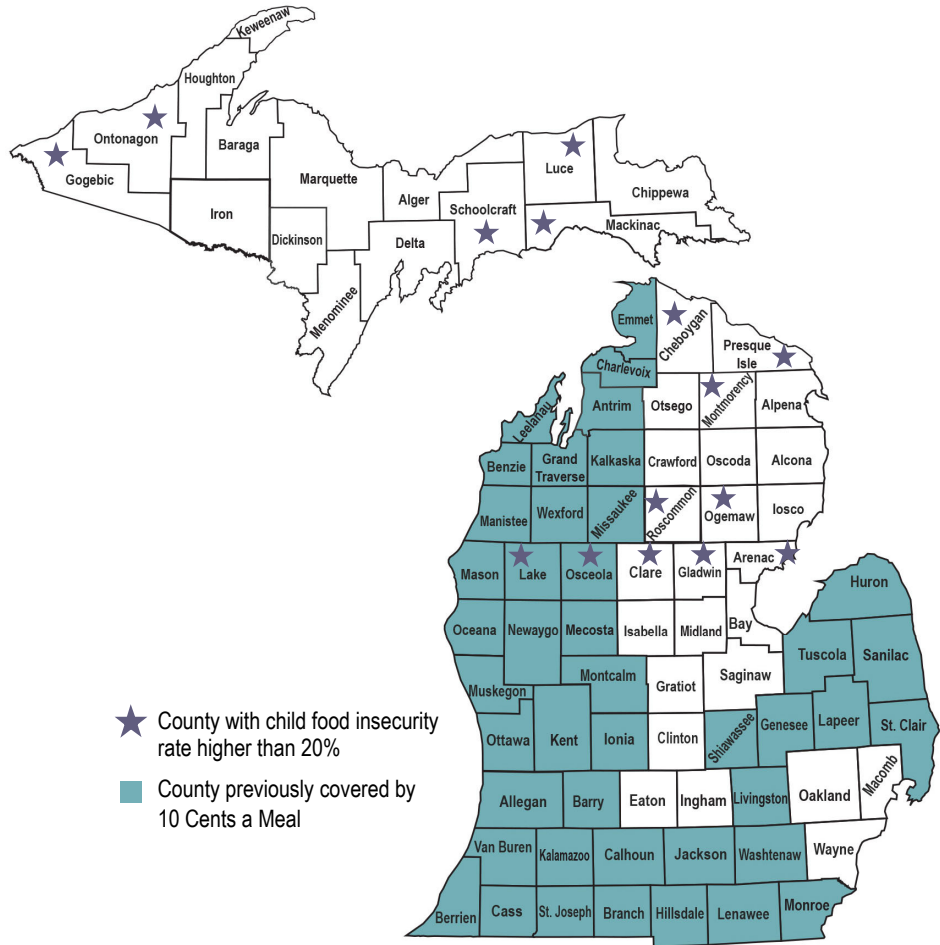
10 Cents a Meal is a Michigan Success Story

- More than 134,000 kids served across 57 school districts
- Increased sales for more than 160 local farms and food-related businesses
- 93 Michigan-grown fruits, vegetables and dried beans served
- Diversified school menus have featured 67 new foods

year in healthcare costs. Healthy food provides the nutrients children need for growth, development and focus, but more than 40% of the state’s kids in grades 9 through 12 report eating fruits and vegetables less than once a day. To date, more than 134,000 Michigan students have shown improvements in dietary knowledge and preference for and consumption of fresh produce as a result of 10 Cents a Meal. This early establishment of good eating habits helps set the stage for health and success in school and later in life.

The expansion of farm-to-school programs can spark local economies.

Programs like 10 Cents a Meal offer new opportunities for farmers and other businesses. Thus far, the program has spurred increased sales for more than 160 local farms and related businesses, creating jobs in many areas of the state—including underserved, low-income communities. In addition, improving children’s access to healthy food can reduce the burden of diet-related health issues that affect employers in the form of insurance costs and parental absenteeism.



Sources: Feeding America, Map the Meal Gap 2017; 10 Cents a Meal for Michigan’s Kids and Farms



2021 BUDGET PRIORITY: INCREASE ADULT EDUCATION FUNDING TO PREPARE MORE WORKERS FOR JOB TRAINING AND SKILLED WORK

LEAGUE RECOMMENDATION:

Increase adult education funding by \$10 million, to \$36 million, allowing the state to assist nearly 8,000 more students.

BACKGROUND:

In today's job market, entry-level job openings with a career track increasingly require a postsecondary credential such as a degree, certificate or license. Many Michigan workers need remediation in one or more basic skill areas in order to succeed in training that leads to these credentials. By providing adults an opportunity to gain skills normally associated with high school graduation, adult education is crucial in preparing workers for occupational training, credentials, and finally, skilled jobs. By increasing the number of work-ready individuals, serving more individuals through adult education also helps employers find the skilled workers they need.

Despite its importance as a workforce development tool, Michigan has greatly reduced its commitment to adult education during the past two decades:

State funding has dropped dramatically. During budget years 1997 to 2001, state funding for adult education was \$80 million a year, but the Michigan Legislature cut funding drastically after that to \$20-22 million annually. Increases in budget years 2017 and 2019 have brought annual funding for traditional adult education to \$26 million, and a 5% deduction for administration leaves \$24.7 million to go to educational programs. (Separate funding for career/technical education programs brings the total adult education appropriation to \$30 million.) This is far short of what is needed.

The funding loss for adult education is even greater when adjusted for inflation. In 2001 dollars, state funding for adult education has fallen by 78%.

WHY DOES IT MATTER?

The funding cuts have resulted in fewer people having access to and completing adult education programs. The decrease in total funding since 2001 has resulted in local adult education programs closing down or reducing the number of students they can accept each year. Not surprisingly, the 2018-2019 school year saw a 45% decline in total enrollment and a 36% decrease in students completing a grade level compared to 2000-2001.

Many community college students are not academically prepared and more access to adult education can help them succeed. During each of the past 10 years, well over half of all community college students in Michigan have been required to take developmental (remedial) education courses, which cost money but do not count for credit. These students could benefit from being able to take adult education free of cost in place of developmental education.

Higher academic success through more access to adult education can help decrease racial disparities in educational attainment. In Michigan, 27% of Latinx, 26% of African American and 24% of Native American adults 25 years old and over have an associate degree or higher, while 71% of Asian and 41% of white adults do. Expanding adult education in Michigan can increase racial equity in educational access and achievement, which in turn can reduce poverty and income inequality.